

AMENDED IN ASSEMBLY APRIL 23, 2001

AMENDED IN ASSEMBLY APRIL 16, 2001

AMENDED IN ASSEMBLY JANUARY 12, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 2

Introduced by Assembly Members Bill Campbell and Pescetti
(Coauthors: Assembly Members Ashburn, Cogdill, and
Maldonado)

January 4, 2001

An act to add Section 3108.5 to the Public Resources Code, and to add ~~Sections 785.8 and 785.9 to Section 785.8 to, and to add and repeal Section 785.9 of~~, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2, as amended, B. Campbell. Energy.

(1) Existing law establishes the Division of Oil, Gas, and Geothermal Resources within the Department of Conservation.

This bill would require the division to commission a task force dedicated to recommending policy suggestions on how to increase in-state produced supplies of natural gas.

The bill would require a county to review and respond to a natural gas drilling application within 30 calendar days of receipt of the application. Because this bill would require a county to perform a higher level of service, the bill would impose a state-mandated local program.

(2) Existing law requires the Public Utilities Commission to allow a gas corporation to fully recover all reasonable and prudent costs

associated with ownership and operation of the gas plant used for transportation.

This bill would prohibit any transportation charge for natural gas from being assessed by the utility for the use of local pipelines not owned or leased by the utility.

(3) Existing law authorizes the Public Utilities Commission to issue an order to any public utility under its jurisdiction to make additions, extensions, repairs, or improvements to, or changes in, the existing plant, equipment, apparatus, facilities, or other physical property of the public utility. Existing law authorizes the commission to fix rates and establish rules for all public utilities under its jurisdiction.

This bill would require the commission, on or before July 1, 2002, to determine whether the natural gas infrastructure of the state's gas utilities is sufficient to provide uninterrupted service to all customers so that any customer may expect their service to be curtailed not more than once every 5 years and so that transmission capacity exceeds the expected level of demand by not less than 15%. If the commission finds that the infrastructure is insufficient, the bill would require the commission to order the expansion of the infrastructure, as necessary. The bill would require the commission to establish an expedited review process for applications to construct gas facilities filed pursuant to an order of the commission under these provisions. The bill would require that concurrent with a new facility being placed in service, the commission shall set rates for each class of customers in a manner that ensures a return of the infrastructure investments at levels consistent with the returns on the utility's other investments. The bill would require that the rates established be adjusted as necessary to meet this requirement. The bill would provide that if the commission fails to set rates, the requested rates immediately go into effect until the commission acts on the rate request. The bill would require the commission to establish exit fees if necessary to prevent customers from bypassing the rates set in compliance with these provisions. *These provisions would be operative only until August 31, 2003.*

Because a violation of the Public Utilities Act or an order of the commission is a crime under existing provisions of law, the bill would impose a state-mandated local program by expanding the definition of a crime.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that



reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known and may be cited as the
2 Campbell-Pescetti Natural Gas Delivery Improvement Act of
3 2001.

4 SEC. 2. Section 3108.5 is added to the Public Resources
5 Code, to read:

6 3108.5. The division shall commission a task force dedicated
7 to recommending policy suggestions on how to increase in-state
8 produced supplies of natural gas.

9 SEC. 3. Section 785.8 is added to the Public Utilities Code, to
10 read:

11 785.8. No transportation charge for natural gas may be
12 assessed by a public utility for the use of local pipelines not owned
13 or leased by the public utility.

14 SEC. 4. Section 785.9 is added to the Public Utilities Code, to
15 read:

16 785.9. (a) On or before July 1, 2002, the commission shall
17 determine whether the natural gas infrastructure of the state's gas
18 utilities is sufficient to provide uninterrupted service to all
19 customers so that any customer may expect that their service will
20 be curtailed not more than once every five years, and so that
21 transmission capacity exceeds the expected level of demand by not
22 less than 15 percent.

23 (b) If the commission finds that the infrastructure of one or
24 more of the utilities is insufficient to meet this test, the commission

1 shall order the expansion of the infrastructure necessary to provide
2 this level of service.

3 (c) The commission shall establish an expedited review process
4 for applications to construct gas facilities filed *and deemed to be*
5 *complete in accordance with the procedures set forth in Section*
6 *65943 of the Government Code*, pursuant to an application or an
7 order of the commission under this section. ~~Under this process, the~~
8 ~~commission shall review and approve or disapprove any~~
9 ~~application within six months. If the commission fails to take~~
10 ~~action on an application within six months, the project shall be~~
11 ~~deemed to be in the public convenience and necessity.~~

12 (1) *For a project that, on the basis of an initial review, shows*
13 *substantial evidence that the project will not cause a significant*
14 *adverse impact on the environment and will comply with all*
15 *applicable standards, laws, or ordinances, the commission shall*
16 *review and approve or disapprove the project within four months.*

17 (2) *For a project that, on the basis of an initial review, fails to*
18 *show substantial evidence that the project will not cause a*
19 *significant adverse impact on the environment, the commission*
20 *shall review and approve or disapprove the project within 12*
21 *months.*

22 (3) *If the commission fails to take action within these*
23 *timeframes, the project shall be deemed to be in the public*
24 *convenience and necessity.*

25 (d) Concurrent with a new facility being placed in service, the
26 commission shall set rates for each class of customers in a manner
27 that ensures a return of the infrastructure investments at levels
28 consistent with the return on the utility's other investments. The
29 rates established shall be adjusted as necessary to meet this
30 requirement.

31 (e) If the commission fails to set rates within the timeframe set
32 forth in this section, the requested rates shall immediately go into
33 effect until the commission acts on the rate request.

34 (f) The commission shall establish exit fees if necessary to
35 prevent customers from bypassing the rates set in compliance with
36 this section.

37 (g) *This section shall become inoperative on August 31, 2003,*
38 *and, as of January 1, 2004, is repealed, unless a later enacted*
39 *statute, that becomes operative on or before January 1, 2004,*

1 *deletes or extends the dates on which it becomes inoperative and*
2 *is repealed.*

3 SEC. 5. (a) The Legislature finds and declares that the
4 growing energy needs of the state necessitate increased
5 development of new energy resources.

6 (b) Notwithstanding any other provision of law, a county shall
7 review and respond to a natural gas drilling application within 30
8 calendar days of receipt of the application.

9 SEC. 6. No reimbursement is required by this act pursuant to
10 Section 6 of Article XIII B of the California Constitution for
11 certain costs that may be incurred by a local agency or school
12 district because in that regard this act creates a new crime or
13 infraction, eliminates a crime or infraction, or changes the penalty
14 for a crime or infraction, within the meaning of Section 17556 of
15 the Government Code, or changes the definition of a crime within
16 the meaning of Section 6 of Article XIII B of the California
17 Constitution.

18 However, notwithstanding Section 17610 of the Government
19 Code, if the Commission on State Mandates determines that this
20 act contains other costs mandated by the state, reimbursement to
21 local agencies and school districts for those costs shall be made
22 pursuant to Part 7 (commencing with Section 17500) of Division
23 4 of Title 2 of the Government Code. If the statewide cost of the
24 claim for reimbursement does not exceed one million dollars
25 (\$1,000,000), reimbursement shall be made from the State
26 Mandates Claims Fund.

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